

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 OPIC-03 XMB-02 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

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R 221344Z JUL 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 051

INFO USDEL MTN GENEVA

AMEMBASSY ATHENS

USMISSION EC BRUSSELS

OECD PARIS 3747

AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

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PASS TO STR

E.O. 11652: N/A

TAGS: ETRD, TU

SUBJECT: TURKEY'S DESIRE FOR GENERAL SPECIALIZED
PREFERENCES (GSP) AND ITS ASSOCIATE MEMBERSHIP
IN COMMON MARKET (EC)

REF: ANKARA 5646

SUMMARY. DURING A 12-HOUR PERIOD ON JULY 18 WE WERE ABLE
TO DEVELOP A GENERAL PICTURE OF TURKEY'S CURRENT DISAPPOINT-
MENT WITH ITS ASSOCIATE MEMBERSHIP IN EC AND TURKEY'S
RATHER NEGATIVE ATTITUDE ABOUT BENEFITS TO BE DERIVED IN THE
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FUTURE. THIS EXPLAINS, IN PART, TURKEY'S HIGH-LEVEL APPROACH

TO U.S. TO OBTAIN GSP UNDER THE U.S. TRADE ACT OF 1974;
IT DESIRES TO USE GSP, AMONG OTHER REASONS, AS A COUNTER-
FORCE TO ITS EC ASSOCIATE MEMBERSHIP AND, POSSIBLY, AS
LEVERAGE TO BE USED IN A FUTURE RENEGOTIATION OF ITS TERMS
OF MEMBERSHIP. END SUMMARY.

1. DURING THE VSIT IN ANKARA OF ASSISTANT SPECIAL TRADE
REPRESENTATIVE (STR), STEPHEN LANDE, WE WERE AFFORDED AN
OPPORTUNITY IN A 12-HOUR PERIOD IN A PROGRAM WORKED OUT BY
THE FOREIGN OFFICE TO DISCUSS GSP AND TURKEY'S ASSOCIATE
MEMBERSHIP IN THE EC WITH SENIOR OFFICIALS IN THE MINISTRY
OF FOREIGN AFFAIRS (MFA), MINISTRY OF FINANCE, MINISTRY OF
COMMERCE, AND THE STATE PLANNING ORGANIZATION (SPO). IT
WAS CLEARLY EVIDENT FROM THE DISCUSSIONS THAT THESE OFFICIALS
DID NOT RPT NOT BELIEVE TURKEY WAS NEARLY GETTING OUT OF ITS
ASSOCIATE MEMBERSHIP IN THE EC WHAT HAD ORIGINALLY BEEN
EXPECTED; A DECIDED DIVERGENCE IN VIEW ALSO EXISTS AMONG THE
THREE MINISTRIES AND THE SPO ABOUT BOTH TURKEY'S STATUS AND
FUTURE BENEFITS.

2. IN A CALL ON MFA SECRETARY GENERAL, SUKRU ELEKDAG,
THE KEYNOTE WAS SET. HE WAS FORTHRIGHT AND BLUNT, ALMOST
DEMANDING GSP FOR TURKEY. HE STRESSED THAT TURKEY DESIRED
THIS STATUS AS A COUNTERBALANCE TO THE EC. TURKEY'S
ASSOCIATE MEMBERSHIP WAS NOT RPT NOT PROVING TO BE AS
BENEFICIAL AS ORIGINALLY CONCEIVED. HE ALSO REVIEWED THE
TRADING RELATIONS BETWEEN U.S. AND TURKEY AND WAS THE FIRST
OF MANY TO STATE DURING THE DAY THAT ASSOCIATE MEMBERSHIP
IN EC WAS NOT RPT NOT HARMFUL TO U.S. TRADE WITH TURKEY.
HE WAS FIRM, WITH THE IMPLIED THREAT THAT UNLESS TURKEY WERE
GRANTED GSP BILATERAL U.S. TRADE RELATIONS WOULD SUFFER.
(DURING LAST SEVERAL YEARS U.S. SHARE OF TURKEY'S TOTAL
IMPORTS HAS RUN BETWEEN NINE AND TWELVE PERCENT, CURRENTLY
AMOUNTING TO ABOUT \$350 MILLION PER YEAR.) TURKEY'S STRONG
DESIRE FOR GSP ACCOUNTS FOR THE AIDE-MEMOIRE ON GSP GIVEN
TO ASSISTANT SECRETARY HARTMAN ON MAY 23 WHEN HE WAS AT THE
MFA DURING SECRETARY KISSINGER'S CENTO VISIT.

3. THERE ARE FOUR SPECIFIC REASONS AS PUT TOGETHER BY LANDE
FOR TURKEY'S DISSATISFACTION WITH ASSOCIATE MEMBERSHIP IN EC:
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(A) AT TIME OF NEGOTIATION OF ITS ASSOCIATE MEMBERSHIP,
TURKEY THOUGHT THAT IT WOULD BE GETTING A PRIVILEGED POSITION,
BUT NOW REALIZES THAT SAME ENEFITS ACCORDED TO TURKEY ARE
AVAILABLE TO MANY COUNTRIES.
(B) TURKEY IS NOW BEING FORCED TO REDUCE TARIFF LEVELS
FOR EC TO THOSE APPROPRIATE FOR A DEVELOPED COUNTRY.
(C) TURKEY IS LIMITED BY ITS ASSOCIATE MEMBERSHIP IN ITS
TRADE WITH THIRD COUNTRIES (I.E., COUNTRIES NOT IN EC OR HAVING

ASSOCIATE MEMBERSHIP); TURKEY'S 1975 ANNUAL PROGRAM CALLS FOR MORE FREEDOM OF ACTION IN ITS TRADE WITH THESE COUNTRIES. (D) TURKEY HAS FOUND THAT ITS ABILITY TO TRADE IN DEVELOPING WORLD COUNTRIES WITH GROUP ASSOCIATE MEMBERSHIP AGREEMENTS WITH THE EC HAS BEEN HADICAPPED BY EC PREFERENCES ACCORDED TO THESE COUNTRIES AND, IN TURN, REQUIRING PREFERENCES BEING GIVEN TO THE EC.

THESE POINTS WERE SPECIFICALLY CONFIRMED SEVERAL TIMES, NOTABLY BY MFA OFFICER IN CHARGE OF EC AFFAIRS, ISMET BIRSEL. HE SAID THAT UNTIL 1972 ASSOCIATE MEMBERSHIP HAD HAD NO RPT NO ADVERSE EFFECT, BUT THAT SINCE 1972 TURKEY HAD BEGUN TO PAY TOO HIGH A PRICE, HE TRESSED, FOR THE ASSOCIATION AGREEMENT; TURKEY HAS DIFFICULTY IN TRADING WITH OTHER COUNTRIES WHICH HAVE GROUP ASSOCIATE MEMBERSHIP AGREEMENTS WITH THE EC, AND HE CITED THE MAHGREG AGREEMENT WITH THE EC AS A SPECIFIC EXAMPLE.

4. A PRO-EUROPEAN/TURKISH PROFESSOR, IN AN ATTEMPT TO PUT THE SUBJECT OF THE CURRENT AD HOC REVIEW OF TURKEY'S EC ASSOCIATE MEMBERSHIP INTO FOCUS, STATED THAT THE PROBLEM REALLY BEGAN LTE IN 1973 WITH THE INCREASE IN OIL PRICES AND THE NEED TO DEVELOP ADDITIONAL TRADE SOURCES. TURKEY, HE CONTENDED, BEGAN TO LOOK TO THE ARAB AND OPEC WORLD AS SUCH A SOURCE OF INCREASING ITS TRADE. THIS BECAME EVEN MORE IMPORTANT AS THE RESULT OF THE DOWNTURN IN THE U.S. AND EUROPEAN ECONOMIES AND THE DETERIORATING TURKISH BALANCE OF TRADE IN 1974.

5. ON THE POLITICAL SIDE, TURKEY IS QUITE CONCERNED ABOUT THE REQUEST BY GREECE FOR FULL MEMBERSHIP IN THE EC. TURKEY BELIEVES THAT THE EC HAS BEEN MORE PRO-GREEK THAN NEUTRAL SINCE THE CYPRUS AFFAIR IN JULY 1974. TURKEY ALSO HAS CONCERNS ABOUT ITS ASSOCIATE MEMBERSHIP STATUS, IF LIMITED OFFICIAL USE

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GREECE BECOMES A FULL MEMBER OF THE EC.

6. COMMENT. THERE HAS BEEN NO RPT NO DISCUSSION OF TURKEY LEAVING THE EC. HOWEVER, THERE HAVE BEEN SEVERAL STRONG HINTS BY TURKISH OFFICIALS AND DEMANDS BY POLITICIANS THAT TURKEY RENEGOTIATE MORE ADVANTAGEOUS TERMS FOR ITS ASSOCIATE MEMBERSHIP. GRANTING TURKEY GSP STATUS UNDER THE 1974 TRADE ACT, THE TURKS PROBABLY BELIEBE, WOULD STRENGTHEN ITS HAND IN THE RENEGOTIATION PROCESS AND HELP TO OBTAIN FOR IT GREATER FREEDOM TO TRADE WITH THIRD COUNTRIES.

LANDE VISIT PROVED TO BE MOST HELPFUL TO EMB IN CONTINUING A SERIOUS DIALOGUE IN THE TRADE AREA, BOTH WITH RESPECT TO GSP AND MTN. WE BELIEVE THAT TURKEY HAS BEEN STRAIGHTFORWARD IN ITS APPROACH AND HONESTLY HAS TRIED TO MAKE AVAILABLE

APPROPRIATE DATA REQUIRED BY STR FOR ITS DETERMINATION
ACCORDING TO THE TERMS OF THE ACT. FURTHER COOPERATION WAS
PROFFERED ON A VOLUNTARY BASIS.
MACOMBER

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